# EXHIBIT 97

March 19, 2008

Sacramento, CA

Page 1 UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS ----X IN RE: PHARMACEUTICAL ) MDL NO. 1456 INDUSTRY AVERAGE WHOLESALE ) CIVIL ACTION: ) 01-CV-12257-PBS PRICE LITIGATION ----X THIS DOCUMENT RELATES TO: ) Judge Patti B. Saris U.S. ex rel. Ven-A-Care of ) the Florida Keys, Inc. v. ) Magistrate Judge Abbott Laboratories, Inc., ) Marianne B. Bowler et al. Case No. 06-CV-11337-PBS --000--WEDNESDAY, MARCH 19, 2008 --000--VIDEOTAPED DEPOSITION OF JAMES KEVIN GOROSPE Reported By: JOANIE MURAKAMI, CSR No. 5199 Registered Merit Reporter Certified Realtime Reporter

Henderson Legal Services, Inc.

202-220-4158

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1	APPEARANCES	1	APPEARANCES (CONTINUED)
2		2	
3	For Plaintiff United States:	3	For Defendant Warrick:
4		4	
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1	APPEARANCES (CONTINUED)	1	APPEARANCES (CONTINUED)
2	THE EXECUTE CONTINUED)	2	ATT ETRATICES (CONTINUES)
3	For Relator (VAC):	3	For Defendant B. Braun Medical, Inc.:
4	To Romor (Tro).	4	2 0. 2 0. 0. 0. 0. 0. 0. 0. 0. 0. 0. 0. 0. 0.
5	Krause, Kalfayan, Benink & Slavens	5	Locke, Lord, Bissell & Liddell LLP
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11	For Defendant Abbott Laboratories, Inc.:	11	
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14	BY: JEREMY P. COLE, ATTORNEY AT LAW	14	<i>,</i>
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22		22	l l

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13	SUZANNE GRAYDON, Investigative Auditor II	13	Register 224
14		14	Exhibit Gorospe 018, Review of Pharmacy
15	THOMAS TEMMERMAN	15	Acquisition Costs For
16		16	Drugs Reimbursed Under the
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1	EXHIBITS	1	Laboratories, et al. in the case number 01 dash
2	NUMBER DESCRIPTION PAGE	2	CV dash 12257 dash PBS.
3	Exhibit Gorospe 030, Remarks by the President	3	This is the beginning of tape one,
4	in Radio Address to the	4	volume one in the deposition of Kevin Gorospe on
5	Nation 321	5	March 19th, 2008. We are located at 1300 I
6	Exhibit Gorospe 031, US' First Amended	6	Street in Sacramento, California.
7	Complaint 324	7	Counsel, will you please identify
8	1	8	yourself starting with the questioning attorney.
9		9	MR. COLE: Jeremy Cole from Jones Day
10		10	for Abbott Laboratories, Inc.
11		11	MR. BENNETT: Dan Bennett from Ropes
12		12	and Gray for Schering-Plough Corporation and
13		13	Warrick Pharmaceuticals Corporation.
14		14	MR. TEMMERMAN: Tom Temmerman from
15		15	California Attorney General's Office.
16		16	MR. GOBENA: Gejaa Gobena, United
17		17	States Department of Justice on behalf of United
18		18	States.
19		19	MR. ZLOTNICK: David Zlotnick of Krause
20		20	Kalfayan for the Relator Ven-A-Care.
21		21	MS. GIULIANA: Antonia Giuliana from
22		22	Kelley Drye for Day.
	Page 11		Page 13
1	BE IT REMEMBERED, that on Wednesday,	1	MS. ALEXANDER: Janet Alexander for
2	March 19, 2008, commencing at the hour of 8:33	2	California Department of Health Care Services.
3	a.m., in the Offices of the California Department	3	MR. PAUL: Nicholas Paul, California
4	of Justice, 1300 I Street, Conference Room 1624,	4	Department of Justice for California.
5	Sacramento, California, before me, JOANIE Y.	5	THE VIDEOGRAPHER: Will the court
6	MURAKAMI, a Certified Shorthand Reporter of the	6	reporter please swear in the witness?
7	State of California, there personally appeared	7	(The witness was then sworn in by
8		8	the Court Reporter.)
9	KEVIN GOROSPE,	9	THE VIDEOGRAPHER: You may proceed.
10	called as a witness by the Defendant Abbott	10	J F
11	Laboratories, who, being by me first duly sworn,	11	EXAMINATION
12	was thereupon examined and interrogated as	12	BY MR. COLE:
13	hereinafter set forth.	13	Q. Good morning, Dr. Gorospe.
14		14	A. Good morning.
15	THE VIDEOGRAPHER: Good morning. We're	15	Q. We've not met before today; is that
16	on the video record at approximately 8:33 a.m.	16	right?
17	My name is Monty Gordon in association of	17	A. That's correct.
18	Henderson Legal Services in Washington, DC. The	18	Q. Would you please state your name and
19	phone number is (202) 220-4158.	19	your home address for the record, please?
20	This is a matter pending before the US	20	A. My name is James Kevin Gorospe. My
21	District Court, District of Massachusetts, in a	21	home address is 2335 Estate Drive, Stockton,
22	case captioned Ven-A-Care, et al. versus Abbott	22	California, zip is 95209.

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Henderson Legal Services, Inc.

202-220-4158

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# Sacramento, CA

other years, they didn't?  A. Yes. Q. Are you a member today? A. No. Q. You're not. Have you been a member or or were you ever a member during the time that you worked for the state? A. Yes. Q. And during the stretches where you have been a member, are you on some sort of mailing list or do you receive publications or announcements from the California Pharmacists Association from time to time? A. Yes. Q. And what about the California Pharmacists Association from time to time? A. Yes. Q. And what about the California Pharmacists Association from time to time? A. Yes. Q. And what about the California Pharmacists Association. How long have you been a member of that association, off-and-on. Q. It's been off-and-on since the time you've been in pharmacy school?  A. Yes. Q. And I take it from time to time, you were a member of the California Pharmacists Association? A. Yes. Q. And I take it from time to time, you were a member of the California Pharmacists Association? A. Yes. Q. As a member of the American Pharmacists Association today? A. Yes. Q. And I take it from time to time, you were a member of the California Pharmacists Association? A. Yes. Q. As a member of the California Pharmacists Association today? A. Yes. Q. As a member of the California Pharmacists Association of that association? A. Yes. Q. As a member of the California Pharmacists Association today? A. Yes. Q. As a member of the California Pharmacists Association today? A. Yes. Q. As a member of the California Pharmacists Association today? A. Yes. Q. As a member of the California Pharmacists Association would vou agree with me that you were a member, you would receive, during the stretches where you were a member, you would receive during the time that you were a member, you would receive information from that association pays particularly close attention to pharmacy reimbursement issues? A. Yes. Q. And would you agree that the association pays particularly close attention to pharmacy reimbursement issues? A. Yes. Q. And who puts out the Pharmacist'	I	Page 62		Page 64
2 A. Yes. Q. Are you a member today? 4 A. No. 5 Q. You're not. Have you been a member or worked for the state? 8 A. Yes. 9 Q. And during the stretches where you have been a member, are you on some sort of mailing list or do you receive publications or announcements from the California Phamacists A Sociation from time to time? A. Yes. 15 Q. And what about the California Pharmacists Association, Pharmacy reimbursement, that the California Pharmacists Association, Pharmacy reimbursement formula?  2 A. Yes. 3 A. Yes. 4 A. Yes. 5 Q. And I take it from time to time, you would receive, during the stretches where you were a member, you would receive information from that association? 9 A. Yes. 10 Q. Are you a member of the California 11 Pharmacists Association would you agree with me that sociation pays close attention to pharmacy reimbursement formula, that the California Pharmacy reimbursement formula, that the California Pharmacists Association and the California Pharmacists Association and the California Pharmacists Association node Pharmacists Association to the Pharmacists Association and the Pharmacists Association and the Pharmacists Association and the Pharmacists Association that the Association pays close attention to pharmacy reimbursement formula that the California Pharmacists Association and the California Pharmacist Association Andrea Pharmacist Associa	1	other years, they didn't?	1	whenever there has been political discussion or
Q. Are you a member today? A. No. Q. You're not. Have you been a member or were you ever a member during the time that you worked for the state?  A. Yes. Q. And during the stretches where you have been a member, are you on some sort of mailing list or do you receive publications or announcements from the California Phamacists Association from time to time? A. Yes. Q. And what about the California – I'm sorry — the American Pharmacists Association. How long have you been a member of that association? A. Same as California Pharmacists A Sasociation off-and-on. Q. It's been off-and-on since the time you would receive, during the stretches where you would receive, during the stretches where you were a member, or would receive, during the stretches where you that association? A. Yes. Q. And I take it from time to time, you would receive, during the stretches where you that the association pays close attention to pharmacy yissues? A. Yes. Q. And would you agree with metal that the California and pharmacy school?  A. Yes. Q. Are you a member of the California Pharmacists Association today? A. Yes. Q. And I take it from time to time, you would receive, during the stretches where you that the association pays close attention to pharmacy yissues? A. Yes. Q. As a member of the California Pharmacists Association, would you agree with metal that the association pays particularly close attention to pharmacy yreimbursement issues?  A. Yes. Q. And would you agree that the association pays particularly close attention to pharmacy reimbursement issues?  A. Yes. Q. And would you agree that the association pays particularly close attention to pharmacy reimbursement issues?  A. Yes. Q. And would you agree that the association pays particularly close attention to pharmacy reimbursement is more to keep current on pharmacy issues?  A. Yes. Q. And would you agree that the association pays particularly close attention to pharmacy reimbursement issues?  A. Yes. Q. And would you agree that the association pays particularly close attention		•		•
4 A. No. Q. You're not. Have you been a member or owere you ever a member during the time that you worked for the state? A. Yes. Q. And during the stretches where you have been a member, are you on some sort of mailing announcements from the California Phamacists Association from time to time? A. Yes. Q. And what about the California Phamacists Association? How long have you been a member of that association, off-and-on. Q. It's been in pharmacy school? A. Yes. Q. Are you a member of the American Pharmacists Association today? A. Yes. Q. And I take it from time to time, you word receive, during the stretches where you were a member, ou would receive, during the stretches where you were a member of the California Pharmacists Association, would you agree with me that the association pays close attention to pharmacy reimbursement issues?  4. Yes. D. And what about the California Phamacists Association. How long have you been a member of that association? A. Yes. D. As a member, or would receive information from time to time, you word receive, during the stretches where you were a member, you would receive information from that the association pays close attention to pharmacy issues? A. Yes. D. And would you agree that the association pays particularly close attention to pharmacy reimbursement issues?  4 A. Yes. D. And would you agree that the association pays particularly close attention to proceed work and the process?  4 A. Yes. D. And would you agree that the association pays particularly close attention to proceed work and the process?  4 A. Yes. D. And would you agree that the association pays particularly close attention to proceed reduction in the proceed and the proceed that the association pays close attention to proceed the proceed of the				
5				· · · · · · · · · · · · · · · · · · ·
6 were you ever a member during the time that you worked for the state? 8 A. Yes. 9 Q. And during the stretches where you have been a member, are you on some sort of mailing list or do you receive publications or announcements from the California Phamacists 13 Association from time to time? 14 A. Yes. 15 Q. And what about the California – I'm sorry – the American Pharmacists Association. 17 How long have you been a member of that association, off-and-on. 21 Q. It's been off-and-on since the time 2 you've been in pharmacy school? 22 Vou've been in pharmacy school? 24 A. Yes. 5 Q. Are you a member of the American 3 Pharmacists Association today? 4 A. Yes. 5 Q. Are you a member of the American 3 Pharmacists Association today? 4 A. Yes. 5 Q. Are you a member of the American 3 Pharmacists Association today? 4 A. Yes. 5 Q. And I take it from time to time, you would receive, during the stretches where you were a member, are you would receive information from that association? 8 A. Yes. 9 Q. Kay Are you a ware of any instance where the California Pharmacists Association supported a proposed reduction in the reimbursement formula?  Page 1 A. Yes. 9 Q. Okay. Are you aware of any instance where the California Pharmacists Association supported a proposed reduction in the reimbursement formula?  Page 1 A. Yes. 9 Q. Are you a member of the American 3 THE WITNESS: No, I'm not. BY MR. COLE: 9 Q. Over the years, have you subscribed to any pharmacy-related publications or periodical in order to keep current on pharmacy issues? 10 Q. Okay. You don't remember a particular magazine or news publication that you've received? 11 A. Yes. 12 Q. And would you agree that the association pays particularly close attention to pharmacy reimbursement issues? 15 A. Yes. 16 A. Yes. 17 A. Yes. 18 D. A. Yes. 19 Q. Okay. Are you aware of any instance where the California Pharmacists Association as upported a proposed reduction in the reimbursement formula? 16 A. Yes. 17 A. Yes. 18 D. A. Yes. 19 Q. Over the years, have you subscribed to any pharmacy				
7				•
8 A. Yes. 9 Q. And during the stretches where you have been a member, are you on some sort of mailing list or do you receive publications or announcements from the California Phamacists Association from time to time? 12 A. Yes. 15 Q. And what about the California – I'm sorry the American Pharmacists Association. How long have you been a member of that association, off-and-on. 10 Q. It's been off-and-on since the time you've been in pharmacy school? 10 Q. Are you a member of the American Pharmacists Association and pharmacists Association from that association? 11 A. Yes. 12 Q. Are you a member of the American Pharmacists Association to pharmacy issues? 13 MR. PAUL: Objection. Form. 14 A. Yes. 15 Q. And I take it from time to time, you would receive, during the stretches where you were a member, you would receive information from that association? 12 A. Yes. 13 MR. PAUL: Objection. Form. 14 MR. PAUL: Objection in the reimbursement formula? 15 MR. PAUL: Objection. Form. 16 MR. PAUL: Objection. Form. 17 MR. GOBENA: Same objection. 18 MR. PAUL: Objection. Form. 18 MR. PAUL: Objection. Form. 29 MR. GOBENA: Same objection. 20 MR. GOBENA: Same objection. 21 MR. PAUL: Objection in the reimbursement formula? 22 Mare to detect the California Pharmacists Association form that association? 23 MR. PAUL: Objection. Form. 24 A. Yes. 25 Q. Are you a member of the American Pharmacists Association form that association? 26 MR. PAUL: Objection. Form. 27 MR. GOBENA: Same objection. 28 MR. PAUL: Objection. Form. 29 MR. GOBENA: Same objection. 20 MR. GOBENA: Same objection. 21 MR. PAUL: Objection. Form. 22 MR. GOBENA: Same objection. 23 MR. PAUL: Objection in the paramours of any instance of the California pharmacy issues? 24 A. Yes. 25 Q. Are you a member of the American Pharmacists Association pays close attention to pharmacy issues? 36 A. Yes. 37 MR. PAUL: Objection. Form. 38 MR. PAUL: Objection. Form. 49 MR. GOBENA: Same objection. 40 MR. GOBENA: Same objection. 41 MR. PAUL: Objection. Form. 41 MR. PAUL: Objection. Form. 42 M				
9 Q. And during the stretches where you have been a member, are you on some sort of mailing list or do you receive publications or announcements from the California Phamacists Association from time to time? 14 A. Yes. 15 Q. And what about the California I'm sorry the American Pharmacists Association. 16 How long have you been a member of that association, off-and-on. 17 How long have you been a member of that association, off-and-on. 18 Q. It's been off-and-on since the time you've been in pharmacy school? 19 A. Yes. 20 Are you a member of the American Pharmacists Association today? 4 A. Yes. 21 Q. And I take it from time to time, you would receive, during the stretches where you were a member, you would receive information from that association pays close attention to pharmacy school you parse with me that the association pays particularly close attention to pays particularly close attention to 17 pharmacy reimbursement issues? 29 A. Yes. 30 Q. And would you agree that the association pays particularly close attention to 17 pharmacy reimbursement issues? 30 And would you oungree that the california Pharmacists Association whenever there is a proposed reduction in whenever there is a proposed reduction in pharmacy reimbursement, that the California Pharmacists Association. 31 Pharmacists Association has opposed those propore reductions? 31 Pharmacists Association. 32 MR. PAUL: Objection. Form. 33 Pharmacists Association supported a proposed reduction in Pharmacists Association supported a proposed those propore reductions? 31 Pharmacists Association since the time you where the California Pharmacists Association supported a proposed reductions. 31 Pharmacists Association since the time you where the California Pharmacists Association supported a proposed reductions? 31 Pharmacists Association since the mark of MR. PAUL: Objection. Form. 32 Page 63 33 Pharmacy supported a proposed reduction in the reductions? 34 Pharmacists Association form time to time, you where the California Pharmacists Association and				
10   been a member, are you on some sort of mailing 11 list or do you receive publications or 2 announcements from the California Phamacists 13 Association from time to time?			_	
11 list or do you receive publications or announcements from the California Phamacists and Association from time to time?				
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	9 10 11 12 13 14 15 16 17 18	Pharmacists Association, would you agree with me that the association pays close attention to pharmacy issues?  A. Yes. Q. And would you agree that the association pays particularly close attention to pharmacy reimbursement issues?  MR. PAUL: Objection. Form.  MR. GOBENA: Same objection.	11 12 13 14 15 16 17 18 19	A. I can't recall by name any right now. Q. Okay. You don't remember a particular magazine or news publication that you've received? A. Pharmacist's Letter, Drug Topics. Q. And who puts out the Pharmacist's Letter? A. The Pharmacist's Letter. It's its own publication.
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Q. And has it been your experience that 22 Q. What about Drug Topics?	9 10 11 12 13 14 15 16 17 18 19 20 21	Pharmacists Association, would you agree with me that the association pays close attention to pharmacy issues?  A. Yes. Q. And would you agree that the association pays particularly close attention to pharmacy reimbursement issues?  MR. PAUL: Objection. Form.  MR. GOBENA: Same objection.  THE WITNESS: Yes. BY MR. COLE:	11 12 13 14 15 16 17 18 19 20 21	A. I can't recall by name any right now. Q. Okay. You don't remember a particular magazine or news publication that you've received? A. Pharmacist's Letter, Drug Topics. Q. And who puts out the Pharmacist's Letter? A. The Pharmacist's Letter. It's its own publication. Q. I see. A. Yeah.

17 (Pages 62 to 65)

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Page 142 Page 144 for identification.) any sections of it? BY MR. COLE: 2 2 A. I have to look to see if any of this --3 Q. I've handed you Exhibit 10. I'll give 3 I don't recall. 4 you a moment to look at it. 4 Q. Well, if you go to page -- if you go to 5 5 The document's titled Report on the Attachment 1, which is Bate Stamped 71584, it Proceedings of the Task Force on Medi-Cal Drug 6 lists -- it says: Medi-Cal Drug Task Force 6 7 Costs. It's dated March of 2000. It's Bate 7 Grouping of Options for Pro/Con Analysis. stamped CAAG/DHS 0071578 through 71627. 8 Do you see that? 8 9 9 Do you recognize this document? A. Yes. 10 A. Yes, I do. 10 Q. And then it lists five main categories: Q. Were you part of the task force on Education, disease management, contracting 11 11 Medi-Cal drug costs in or around 2000? 12 issues, reimbursement issues and other? 12 13 A. Yes. 13 A. Yes. 14 Q. And was this task force created by the 14 Q. Which of those categories were you then Governor of the State of California? 15 15 involved in? 16 A. Yes. 16 A. I believe I was involved in all of the 17 Q. And that was Gray Davis at the time? 17 categories in terms of organizational --18 A. Yes. 18 organizing the groups. 19 Q. And the document sort of describes some 19 Q. Did you focus more on certain 2.0 of the background and the organization of the categories than others? 20 21 task force. 21 A. Not that I can recall. 22 Q. But you recall being involved or having 22 If you could, describe for me in your Page 143 Page 145 words the genesis of the task force and who a role in each of the five categories? comprised the task force. 2. 2 A. Yes. 3 A. The genesis of the task force is stated 3 Q. If you go to the preceding page, before 4 at the top of the document, coming from the 4 Attachment 1, 71583, in the paragraph titled 5 Reimbursement Issues, it says: Reimbursement Governor's Budget, which required a task force be 6 generated headed by the Secretary of Health and issues are those that would impact the payments 7 Human Services, who was Grantland Johnson, at the 7 made to pharmacies for drug ingredient costs or time, to discuss options for controlling drug 8 for professional fees. There was considerable 8 9 9 costs in the Medi-Cal program. more reluctance by the task force to consider Q. Fair to say that the task force was issues of cost containment in reimbursement to 10 10 created to explore ways in which the Medi-Cal 11 11 pharmacies for either drug ingredient costs or program could save money? 12 12 the professional fee. A primary reason for the 13 13 A. Yes. reluctance appeared to be a concern over access to services by beneficiaries. 14 Q. How big was the task force in terms of 14 number of people? 15 15 Did I read that correctly? A. The numbers of individuals are listed 16 16 A. Yes. 17 on the very last two pages of the document. 17 Q. And is that consistent with your Those are the invited participants. 18 understanding about the conclusions reached by 18 Q. Did you prepare this document? the task force that there was considerable more 19 19 20 A. The final document? This document? 20 reluctance to consider cost containment in the 21 No. 21 context of pharmacy reimbursement because that 22 might negatively impact access to care? Q. Did you have any role -- did you draft 22

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			1
	Page 146		Page 148
1	MR. PAUL: Objection. Form.	1	A. Yes.
2	MR. GOBENA: Same objection.	2	Q. And would you agree that it was the
3	THE WITNESS: Yes.	3	view of DHS, at this time, that whatever Medi-Cal
4	BY MR. COLE:	4	was paying for drug ingredient costs, did not
5	Q. And sort of put in plain terms, the	5	approximate the pharmacy's actual acquisition
6	concern was if you drop the reimbursement level,	6	cost?
7	then Medi-Cal beneficiaries might not get the	7	MR. PAUL: Objection. Form.
8	care that they need	8	MR. GOBENA: Same objection.
9	MR. PAUL: Objection. Form.	9	THE WITNESS: Are you referring to the
10	BY MR. COLE:	10	statement that's in this document as proof of
11	Q because pharmacies will either go	11	DHS's position?
12	out of business or withdraw from the program.	12	BY MR. COLE:
13	MR. PAUL: Sorry. I didn't mean to	13	Q. Yes.
14	interrupt you.	14	A. I would disagree with that comment
15	Objection. Form.	15	then.
16	MR. GOBENA: Same objection.	16	Q. I'm just asking you if let me put it
17	THE WITNESS: Yes.	17	this way: Would you agree with me that DHS
18	BY MR. COLE:	18	understood, in 2000, that there were ways, if it
19	Q. If you go to Page 23 of this document,	19	so desired, to come up with a reimbursement
20	it's 71611, it's in a section titled Cost Control	20	formula that more closely approximated
21	Options Matrix, and for various topics, it has	21	pharmacists' actual acquisition costs?
22	sort of a summary of what the proposed change	22	MR. PAUL: Objection. Form.
		22	<u>,                                    </u>
	Page 147		
			Page 149
1	would be, and then it lists some pros for the	1	MR. GOBENA: Same objection. It's also
2	would be, and then it lists some pros for the change and some cons for the change.	2	MR. GOBENA: Same objection. It's also my understanding this witness is not here to
2	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?	2	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency.
2 3 4	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.	2 3 4	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE:
2 3 4 5	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these	2 3 4 5	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer.
2 3 4 5 6	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?	2 3 4 5 6	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes.
2 3 4 5	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?  A. No, I do not.	2 3 4 5	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes. Q. And then it describes the current
2 3 4 5 6	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?  A. No, I do not.  Q. Do you remember having any input in the	2 3 4 5 6 7 8	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes. Q. And then it describes the current formula, and then in the next bullet, it says:
2 3 4 5 6 7	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?  A. No, I do not.  Q. Do you remember having any input in the drafting of these pro/con matrices?	2 3 4 5 6 7	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes. Q. And then it describes the current formula, and then in the next bullet, it says: Replaces AWP and the direct price reimbursement
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2 3 4 5 6 7 8 9 10	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?  A. No, I do not.  Q. Do you remember having any input in the drafting of these pro/con matrices?  A. Yes.  Q. Do you know who drafted these Pro/Con	2 3 4 5 6 7 8 9 10	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes. Q. And then it describes the current formula, and then in the next bullet, it says: Replaces AWP and the direct price reimbursement methodology with AWP minus X percent or wholesale acquisition costs plus Y percent, and then it
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?  A. No, I do not.  Q. Do you remember having any input in the drafting of these pro/con matrices?  A. Yes.  Q. Do you know who drafted these Pro/Con matrices?  A. I don't recall which individuals did that.  Q. Okay. Page 23 of Exhibit 10, it says: Change ingredient cost reimbursement of drugs, and then it lists has some bullet points	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes. Q. And then it describes the current formula, and then in the next bullet, it says: Replaces AWP and the direct price reimbursement methodology with AWP minus X percent or wholesale acquisition costs plus Y percent, and then it says: State regulation change or legislation is required.  Do you see that? A. Yes. Q. And under the pros section, one of the
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?  A. No, I do not.  Q. Do you remember having any input in the drafting of these pro/con matrices?  A. Yes.  Q. Do you know who drafted these Pro/Con matrices?  A. I don't recall which individuals did that.  Q. Okay. Page 23 of Exhibit 10, it says: Change ingredient cost reimbursement of drugs, and then it lists has some bullet points there: Decrease the amount Medi-Cal pays for	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes. Q. And then it describes the current formula, and then in the next bullet, it says: Replaces AWP and the direct price reimbursement methodology with AWP minus X percent or wholesale acquisition costs plus Y percent, and then it says: State regulation change or legislation is required. Do you see that? A. Yes. Q. And under the pros section, one of the bullets listed, the fourth one down, says: Would
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?  A. No, I do not.  Q. Do you remember having any input in the drafting of these pro/con matrices?  A. Yes.  Q. Do you know who drafted these Pro/Con matrices?  A. I don't recall which individuals did that.  Q. Okay. Page 23 of Exhibit 10, it says: Change ingredient cost reimbursement of drugs, and then it lists has some bullet points there: Decrease the amount Medi-Cal pays for drug ingredient costs to something that more	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes. Q. And then it describes the current formula, and then in the next bullet, it says: Replaces AWP and the direct price reimbursement methodology with AWP minus X percent or wholesale acquisition costs plus Y percent, and then it says: State regulation change or legislation is required. Do you see that? A. Yes. Q. And under the pros section, one of the bullets listed, the fourth one down, says: Would be in line with methodology other states use for
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?  A. No, I do not.  Q. Do you remember having any input in the drafting of these pro/con matrices?  A. Yes.  Q. Do you know who drafted these Pro/Con matrices?  A. I don't recall which individuals did that.  Q. Okay. Page 23 of Exhibit 10, it says: Change ingredient cost reimbursement of drugs, and then it lists has some bullet points there: Decrease the amount Medi-Cal pays for drug ingredient costs to something that more closely approximates the pharmacy's actual	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes. Q. And then it describes the current formula, and then in the next bullet, it says: Replaces AWP and the direct price reimbursement methodology with AWP minus X percent or wholesale acquisition costs plus Y percent, and then it says: State regulation change or legislation is required.  Do you see that? A. Yes. Q. And under the pros section, one of the bullets listed, the fourth one down, says: Would be in line with methodology other states use for reimbursement.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	would be, and then it lists some pros for the change and some cons for the change.  Do you see that?  A. Yes.  Q. Do you remember drafting any of these pro/con matrices?  A. No, I do not.  Q. Do you remember having any input in the drafting of these pro/con matrices?  A. Yes.  Q. Do you know who drafted these Pro/Con matrices?  A. I don't recall which individuals did that.  Q. Okay. Page 23 of Exhibit 10, it says: Change ingredient cost reimbursement of drugs, and then it lists has some bullet points there: Decrease the amount Medi-Cal pays for drug ingredient costs to something that more	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MR. GOBENA: Same objection. It's also my understanding this witness is not here to testify on behalf of the agency. BY MR. COLE: Q. You can go ahead and answer. A. Yes. Q. And then it describes the current formula, and then in the next bullet, it says: Replaces AWP and the direct price reimbursement methodology with AWP minus X percent or wholesale acquisition costs plus Y percent, and then it says: State regulation change or legislation is required. Do you see that? A. Yes. Q. And under the pros section, one of the bullets listed, the fourth one down, says: Would be in line with methodology other states use for reimbursement. Do you see that?

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Page 224 Page 222 \$17. product with an AWP of roughly one-third of that. 1 2 2 A. Based on the information we've just A. That is accurate. 3 3 Q. And again, anyone in DHS who you know discussed, yes. Q. Are you familiar with the term 4 was pouring through or reading this report, would 4 5 5 "spread"? be able to -- would have learned that there were 6 6 these wide variations in AWPs for generic A. Yes. 7 7 products --Q. And what do you understand that to 8 8 MR. GOBENA: Object to -mean? 9 9 BY MR. COLE: A. My understanding of spread, as it 10 relates to pharmaceuticals or prescription drugs, 10 Q. -- correct? is the difference between what a provider 11 MR. GOBENA: Sorry. Objection. 11 12 purchases a product for and what they are 12 THE WITNESS: That is correct. 13 reimbursed for that same product. 13 (Exhibit Gorospe 017 was marked Q. Looking solely at this column, average 14 14 for identification.) 15 wholesale price minus five percent, would you BY MR. COLE: 15 agree with me that there are wide variations in 16 16 Q. I marked Exhibit 17. the AWPs for this particular generic product? 17 Dr. Gorospe, this is a Proposed Rule 17 18 A. Yes. 18 excerpt from the Code of Federal Regulations, 19 Q. And again, the numbers listed here 19 Federal Register, Volume 39, Number 230, dated aren't the AWPs. They're AWPs minus five 2.0 November 27, 1974, and I'm reading from the 20 percent, but if you gave each one of them a boost 21 bottom of the document. to compensate for that, you would have some of 22 Have you ever referred to or seen this Page 223 Page 225 the products having an AWP of somewhere around, regulation, proposed regulation before? 2 in the \$21 range, and some products having an AWP 2 A. Not that I can recall. 3 of half of that, correct? 3 Q. Okay. You were probably in junior high 4 A. As you previously discussed, the AWP 4 or high school at the time. would be somewhere in the \$17 range for the 5 A. High school. upper, the higher priced products, and the other 6 Q. Okay. But since the time that you've products would be below, because these numbers 7 joined Medi-Cal, did you ever have occasion to 7 include the dispensing fee, as you previously review this proposed rule? 8 8 9 9 A. Not that I can recall, no. noted. Q. If you look towards the top of the 10 Q. Good point. The AWP, at least to that 10 second product, would be somewhere in the \$17 middle column, it says -- there's a section 11 11 range, and if we looked at this first product called "acquisition costs." 12 listed, the one from Goldline, if you back out A. I'm sorry. Where? Oh, I see it. 13 the dispensing fee, that figure drops to \$5.37? 14 Q. It says: In referring to drug cost, 14 A. That's correct. 15 15 current regulations specify cost as determined by Q. So the AWP would be somewhere between the state. Most states use average wholesale 16 16 price. Red Book data, Blue Book data, survey 17 - somewhere around \$6 roughly, maybe a little 17 18 results or similar standard costs. Such standard 18 less? 19 A. Yes, that's correct. 19 prices are frequently in excess of actual 20 20 Q. I wasn't a math major. So you would acquisition costs to the retail pharmacist. have one product with an AWP of around \$17, one Thus, to achieve maximum savings to the Medicaid 21 generic product, and a therapeutically equivalent 22 program, the proposal requires the use of actual

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Page 240 Page 238 1 Q. Okay. Fair enough. If you were 1 A. No. 2 Q. Did you have occasion to read Barron's 2 looking at spread as simply the difference 3 during your time at DHS? between AWP and acquisition cost, would you --4 4 has it been your experience, in your 25 years as A. No. 5 5 Q. Okay. Do you have any reason to a pharmacist, that the spread for generic drugs disagree with what's stated here, as reported by 6 is greater than the spread for brand drugs? 6 7 Barron's, in that the true cost for the drugs 7 MR. GOBENA: Objection. Form. they looked at, that Barron's looked at, that the 8 THE WITNESS: Yes. 8 9 9 acquisition cost was 60 to 85 percent below AWP BY MR. COLE: 10 for generic drugs? 10 Q. And that's what these reports that 11 MR. PAUL: Objection. No foundation. 11 we've looked at today seem to indicate, correct? 12 MR. GOBENA: Same objection. 12 MR. PAUL: Objection. No foundation. MR. GOBENA: Same objection. THE WITNESS: I don't have a basis to 13 13 THE WITNESS: Based on our previous 14 know whether or not the statement is accurate. 14 15 BY MR. COLE: 15 discussion, yes. 16 O. In your experience as a pharmacist, 16 BY MR. COLE: 17 before you joined Medi-Cal, was it your 17 Q. And this report notes, or at least in reference to the Barron's article, that the 18 understanding that the acquisition cost -- that 18 19 the percentage discount off of AWP was greater 19 discount off of AWP for generic drugs was 10 to for generic drugs than for brand name drugs? 2.0 20 percent while the discount off of AWP for 20 21 MR. GOBENA: Objection. Form. 21 generic drugs -- do I need to start that over? MR. PAUL: Same objection. 22 22 Yes, I do. Page 239 Page 241 THE WITNESS: Yes. 1 Regarding this Barron's article, the 1 2 BY MR. COLE: 2 difference between true cost and AWP for brand 3 3 name drugs was 10 to 20 percent, while the Q. In other words, the spread on generic 4 drugs was greater than the spread on brand name 4 difference between the true cost and AWP for 5 5 generic drugs was 60 to 85 percent, correct? drugs? 6 MR. GOBENA: Objection. Form. 6 A. That's what this states, yes. 7 7 BY MR. COLE: Q. And if you go flip a few pages back to 8 8 Q. Is that fair? the findings and recommendations page, it 9 9 indicates that the -- at least in the time period A. I can't speak to whether that's true or covered by this report, that the invoice price 10 not. 10 for brand name drugs was a national average of 11 Q. In your experience? 11 12 A. I don't recall if the spread was 12 18.3 percent below AWP. greater in one versus the other. 13 Do you see that? 13 Q. Okay. But these reports that we've 14 A. Yes, I do. 14 looked at earlier today indicate that, correct? 15 15 (Exhibit Gorospe 020 was marked MR. PAUL: Objection. No foundation. 16 16 for identification.) MR. GOBENA: Same objection. 17 17 BY MR. COLE: 18 THE WITNESS: Given the definition of 18 Q. Here's Exhibit 20. This is another HHS-OIG report. It's dated August 1997 and it's 19 "spread," I would have to know two points of fact 19 20 20 which would be the acquisition cost and the entitled Medicaid Pharmacy Actual Acquisition reimbursement rate. 21 Cost of Generic Drug Prescription Products. 21 22 22 BY MR. COLE: Do you recognize this report?

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IN RE PHARMACEUTICAL INDU	STRY)	
AVERAGE WHOLESALE PRICE	)	
LITIGATION	)	
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THIS DOCUMENT RELATES TO	) MDL No. 1456	
State of California, ex r	el. ) Civil Action:	
Ven-A-Care v. Abbott	) 01-12258-PBS	
Laboratories, Inc., et al	. )	
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MONDAY, S	EPTEMBER 22, 2008	
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VIDEOTAP	ED DEPOSITION OF	
J. KEVIN	GOROSPE, Pharm.D.	
	00	
Reported By: CAROL NYGAR	D DROBNY, CSR No. 4018	
Registered	Merit Reporter	

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Gorospe, Pharm. D., J. Kevin - Vol. II

September 22, 2008

# Sacramento, CA

	Page 591		Page 593
1	A. Yes.	1	implemented minus 10 percent occurred before or
2	Q. Second to the last paragraph on that	2	after June of 2002?
3	page the first sentence reads "It is clear and well	3	A. That is correct.
4	documented that pharmacy reimbursement	4	Q. You would agree with me, though, that
5	methodologies that rely on AWP and a low dispensing	5	the rate study was referenced in the state's
6	fee overpay pharmacies for drug ingredient costs	6	attempts to in the state's communications with
7	and underpay them for the cost of dispensing the	7	CMS to seek approval of the AWP minus 10 percent?
8	drug."	8	A. Yes.
9	Did I read that correctly?	9	Q. The last paragraph on that page
10	A. Yes.	10	Scratch that.
11	Q. Is that consistent with your	11	The second to the last the second to
12	understanding of pharmacy reimbursement methodology	12	last paragraph in the page, last sentence, states
13	that rely on AWP?	13	"Therefore, the Department proposed using a single
14	A. Yes.	14	and differentiated rate equal to AWP minus 20
15	Q. And how long have you had that	15	percent."
16	understanding?	16	Do you understand that to mean that the
17	A. Again, as I previously stated, the late	17	that they were not proposing to reimburse
18	nineties.	18	generics differently?
19	Q. If you turn to page 2, you'll see that	19	A. That is correct.
20	under the heading "Drug Ingredient Costs" the first	20	Q. And then the first sentence of the
21	paragraph goes through some of the findings of the	21	following paragraph states "A rate of AWP minus 20
22	Myers and Stauffer study that we talked about	22	percent is still significantly higher than the
	Page 592		Page 594
1		1	
1 2	earlier; correct?	1 2	pharmacy acquisition cost of generic drugs."
2	earlier; correct? A. Yes.	2	pharmacy acquisition cost of generic drugs."  Did I read that correctly?
2	earlier; correct? A. Yes. Q. And in the last sentence it reads "It's	2 3	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.
2 3 4	earlier; correct?  A. Yes. Q. And in the last sentence it reads "It's clear from the information that the Department's	2 3 4	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your
2 3 4 5	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not	2 3 4 5	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your understanding at the time?
2 3 4 5 6	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in	2 3 4	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your understanding at the time?  A. Yes.
2 3 4 5	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not	2 3 4 5 6	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your understanding at the time?  A. Yes.  Q. Did you have that understanding also
2 3 4 5 6 7	earlier; correct?  A. Yes. Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.	2 3 4 5 6 7	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes. Q. Is that consistent with your understanding at the time? A. Yes. Q. Did you have that understanding also going back to the late nineties, that AWP minus 20
2 3 4 5 6 7 8	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.  Q. Do you agree with that statement or is	2 3 4 5 6 7 8	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your understanding at the time?  A. Yes.  Q. Did you have that understanding also going back to the late nineties, that AWP minus 20 percent is significantly higher than pharmacy
2 3 4 5 6 7 8 9	earlier; correct?  A. Yes. Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.	2 3 4 5 6 7 8 9	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes. Q. Is that consistent with your understanding at the time? A. Yes. Q. Did you have that understanding also going back to the late nineties, that AWP minus 20
2 3 4 5 6 7 8 9	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.  Q. Do you agree with that statement or is that consistent with your understanding at the	2 3 4 5 6 7 8 9	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your understanding at the time?  A. Yes.  Q. Did you have that understanding also going back to the late nineties, that AWP minus 20 percent is significantly higher than pharmacy acquisition costs for generic drugs?  A. Yes.
2 3 4 5 6 7 8 9 10	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.  Q. Do you agree with that statement or is that consistent with your understanding at the time?  A. Yes.	2 3 4 5 6 7 8 9 10	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes. Q. Is that consistent with your understanding at the time? A. Yes. Q. Did you have that understanding also going back to the late nineties, that AWP minus 20 percent is significantly higher than pharmacy acquisition costs for generic drugs?  A. Yes. Q. Last sentence of that paragraph or that
2 3 4 5 6 7 8 9 10 11	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.  Q. Do you agree with that statement or is that consistent with your understanding at the time?  A. Yes.  Q. The rate referenced there, AWP minus 10	2 3 4 5 6 7 8 9 10 11	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your understanding at the time?  A. Yes.  Q. Did you have that understanding also going back to the late nineties, that AWP minus 20 percent is significantly higher than pharmacy acquisition costs for generic drugs?  A. Yes.  Q. Last sentence of that paragraph or that page, I guess, going over to the next page, "The
2 3 4 5 6 7 8 9 10 11 12 13	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.  Q. Do you agree with that statement or is that consistent with your understanding at the time?  A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes. Q. Is that consistent with your understanding at the time? A. Yes. Q. Did you have that understanding also going back to the late nineties, that AWP minus 20 percent is significantly higher than pharmacy acquisition costs for generic drugs?  A. Yes. Q. Last sentence of that paragraph or that
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2 3 4 5 6 7 8 9 10 11 12 13 14 15	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.  Q. Do you agree with that statement or is that consistent with your understanding at the time?  A. Yes.  Q. The rate referenced there, AWP minus 10 percent, was adopted after the study was performed; correct?  A. I don't recall.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your understanding at the time?  A. Yes.  Q. Did you have that understanding also going back to the late nineties, that AWP minus 20 percent is significantly higher than pharmacy acquisition costs for generic drugs?  A. Yes.  Q. Last sentence of that paragraph or that page, I guess, going over to the next page, "The reimbursement of generic drugs will still be significantly above pharmacy's acquisition costs."
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.  Q. Do you agree with that statement or is that consistent with your understanding at the time?  A. Yes.  Q. The rate referenced there, AWP minus 10 percent, was adopted after the study was performed; correct?  A. I don't recall.  Q. The rate of AWP minus 10 percent wasdidn't become effective until after the Myers and Stauffer study was released; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your understanding at the time?  A. Yes.  Q. Did you have that understanding also going back to the late nineties, that AWP minus 20 percent is significantly higher than pharmacy acquisition costs for generic drugs?  A. Yes.  Q. Last sentence of that paragraph or that page, I guess, going over to the next page, "The reimbursement of generic drugs will still be significantly above pharmacy's acquisition costs."  And then it goes on.  Did I read that correctly?  A. Yes.  Q. Do you understand that to
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	earlier; correct?  A. Yes.  Q. And in the last sentence it reads "It's clear from the information that the Department's current rate of AWP minus 10 percent does not accurately reflect the drug acquisition costs in the marketplace;" correct?  A. Yes.  Q. Do you agree with that statement or is that consistent with your understanding at the time?  A. Yes.  Q. The rate referenced there, AWP minus 10 percent, was adopted after the study was performed; correct?  A. I don't recall.  Q. The rate of AWP minus 10 percent wasdidn't become effective until after the Myers and Stauffer study was released; correct?  A. That's correct.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	pharmacy acquisition cost of generic drugs."  Did I read that correctly?  A. Yes.  Q. Is that consistent with your understanding at the time?  A. Yes.  Q. Did you have that understanding also going back to the late nineties, that AWP minus 20 percent is significantly higher than pharmacy acquisition costs for generic drugs?  A. Yes.  Q. Last sentence of that paragraph or that page, I guess, going over to the next page, "The reimbursement of generic drugs will still be significantly above pharmacy's acquisition costs."  And then it goes on.  Did I read that correctly?  A. Yes.  Q. Do you understand that to  Withdrawn.

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# Sacramento, CA

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1	reimbursement rate of AWP minus 20 percent was made	1	want to make sure that that objection's on the
2	knowing that reimbursement on that basis would be	2	record and while we would prevail on whatever
3	significantly higher than acquisition costs for	3	motion was required to retract this, I would ask
4	generic drugs?	4	that all the testimony that was given in connection
5	A. Yes.	5	with it be redacted, but, obviously, we'll take
6	Q. And then the further down on that	6	that up later.
7	page there's a paragraph with the heading "Impact	7	VIDEOGRAPHER: This is the end of tape
8	on Access" that refers to stakeholder meetings.	8	two, volume two, of the deposition of Kevin
9	Do you recall having stakeholder meetings	9	Gorospe.
10	prior to this legislative proposal?	10	We are off the record at 2:21 p.m.
11	A. Not that I can recall.	11	(Thereupon a recess was taken at 2:21
12	Q. Do you recall during any discussions for	12	p.m. and the deposition resumed at 2:31
13	changing the reimbursement rate having meetings	13	p.m.)
14	with stakeholders?	14	VIDEOGRAPHER: This is the beginning of
15	A. Not that I not that I can recall.	15	tape three, volume two, of the deposition of Kevin
16	Q. Do you have an understanding as to what	16	Gorospe.
17	the document is referring to when it refers to a	17	We are back on the record at 2:31 p.m.
18	"stakeholder"?	18	MR. BENNETT: I'd like to mark this
19	A. Yes.	19	Exhibit 53, I think we're on.
20	Q. Would that be a reference to providers	20	(Exhibit Gorospe 053 was marked for
21	of medical Medi-Cal?	21	Identification.)
22	A. Yes, amongst others.	22	BY MR. BENNETT:
	Page 596		Page 598
1		1	
1	Q. And others might be beneficiaries, other	1 2	Q. Exhibit 53 has labeled CAAG/DHS 0084626
2	organizations that have some interest in the in	3	and 627.
4	the Medi-Cal program?  A. That's correct.		Dr. Gorospe, do you recognize this document?
		4	
5	Q. Would you agree that this paragraph reflects consideration on the part of	5	A. Yes.
6 7	^	7	Q. Can you describe it for us?
	Or is it your understanding of this		A. It appears to be a description of
8	paragraph that Medi-Cal was considering whether the	_	Medi-Cal pharmacy reimbursement related to a
10	proposed change would affect beneficiaries' access	9	reimbursement proposal and various data related to
10 11	to care? A. Yes.	10	acquisition cost of drugs relevant to AWP, also
		11 12	describes briefly points about the study of
12	Q. And do you recall in 2004 when rate		Medi-Cal pharmacy reimbursement.
13	changes were discussed considering access to care	13	Q. Did you draft this document?
14	as a a policy matter?	14	A. Not that I can recall, no.
15	A. Yes.	15	Q. Do you recall receiving a copy of the
16	MR. BENNETT: I think we need to break	16	document?
17	for a tape. So	17	A. Yes.
18	MR. PAUL: Okay. Just to restate my	18	Q. Do you know who would have drafted it,
	CONTRACT ACTUAL WITH PAGENT TO THIS I THINK I	19	if not yourself?
19	concern earlier with regard to this, I think I		A Compale oder v==141=1= 41= 101=
19 20	stated on the record but I'm not sure I mentioned	20	A. Somebody within the Pharmacy Section.
19			A. Somebody within the Pharmacy Section. Q. And the Pharmacy Section, as you've described with the previous document, encompasses

52 (Pages 595 to 598)

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